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SUBJECT: SHANGHAI ACADEMIC YANG JIEMIAN ON OBAMA ADMINISTRATION,
FUTURE OF US-CHINA RELATIONS

CLASSIFIED BY: Beatrice Camp, Consul General, U.S. Consulate,
Shanghai, U.S. Department of State.
REASON: 1.4 (b), (d)

11. (C) Summary: Shanghai Institutes for International Studies (SIIS) President Yang Jiemian said the Chinese Government wants to stabilize bilateral relations with the United States and avoid the recurring "pendulum effect" in relations that seems to occur each time a new administration comes into power. He urged President-elect Obama to meet with Chinese President Hu at the earliest opportunity in his term, to continue the SED, and to focus more on Asia's regional architecture. SIIS Senior Fellow Yan Anlin said Ma has enjoyed much success but that it will take time to resolve the more difficult political issues like international space. End Summary.

12. (U) The Consul General paid an introductory call on SIIS President Yang Jiemian on December 8. Yang is the brother of Chinese Foreign Minister Yang Jiechi and an influential academic in his own right. SIIS Senior Fellow Wu Chunsi, SIIS Senior Fellow Yan Anlin, SIIS Senior Fellow Shao Yuqun, Deputy Principal Officer, Political/Economic Section Chief and Poloff (notetaker) also participated in the meeting.

Need Stability and Further Cooperation

13. (C) Yang said the Chinese Government wants to stabilize the US-China relationship and avoid the "pendulum effect" of a downturn in relations when a new administration comes into power. He said China's priority is to maintain good relations with the United States and thinks an early summit between President-elect Obama and Chinese President Hu Jintao would be "very helpful." Yang understands Obama will likely be preoccupied with other domestic and foreign policy issues early in his presidency, but expressed his hope that the new President will visit Asia early in his term. It would be "too late" to wait until the next APEC meeting in Singapore in November 2009, said Yang.

14. (C) Yang believes the current global economic crisis lends greater urgency to bilateral cooperation between the United States and China. He thinks the two sides can work more closely on economic and financial issues in "concrete, detailed ways" rather than focusing on "just principles." He hopes that the

Strategic Economic Dialogue (SED) will continue under the new administration, but added that he has heard "conflicting rumors" about the future of the SED.

15. (C) Yang also urged greater US-China cooperation on global issues, including creating "new multilateral systems" and strengthening regional structures in Asia. Although President Bush leaves behind a "good legacy" in Asia, where he simultaneously improved relations with China, Japan, India, and other countries, Yang believes there was not enough attention paid to Asia's regional architecture. He hopes that the new administration will add new content and new dimensions to the most important bilateral relationship, namely, the U.S.-China relationship.

Impressions of Obama

16. (C) Yang said SIIS hosted five important conferences in the past ten days, three of them focusing on U.S. issues. The first was a conference with Douglas Paal, Michael Swaine, and others from the Carnegie Endowment for International Peace. The second was with scholars from the Center for Strategic and International Studies (CSIS), including Charles Freeman and Bonnie Glaser. The third was with "representatives" from seven emerging powers, including India, Brazil, Argentina, and South Africa.

17. (C) Yang said that in the conference with representatives from emerging powers, participants discussed their impressions of the recent U.S. elections and President-elect Obama. According to Yang, the conference participants applauded Obama's election, saying that it displayed the "resilience,

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adaptability, and self-correcting mechanism" of the US political system as well as the "return" of U.S. soft power. Yang said the participants also thought Obama's election would provide a good opportunity for countries to "readjust" their relationship with the United States. Although the United States remains the most powerful country in the world, it should practice more multilateralism when dealing with global issues, according to Yang. The United States, as the years pass, will be less able to unilaterally decide the global agenda. Conference participants agreed that the most important issue now is to deal with the international financial crisis, and they expected that the Obama Administration will focus on both U.S. and international economic issues.

18. (C) Yang's overall reaction to Obama's election was "positive." He raised questions about the future relationship between President-elect Obama and Secretary of State nominee Senator Hillary Clinton, asking rhetorically what the division of labor and power will be between the two. His impression is that Clinton has a "strong personality" and will bring on board her own team, leading to "two sets of advisors" on foreign policy and "creating difficulties" in policy formulation. (Note: Yang specifically asked whether Ambassador Jeffrey Bader, a foreign policy advisor to Obama, would join the new administration if Senator Clinton brings her own team of advisors. End note.)

On Cross-Strait Relations

19. (C) SIIS Senior Fellow Yan Anlin, SIIS's resident expert on cross-Strait relations, lauded the numerous "breakthroughs," mainly in the economic areas of cross-Strait relations, since Ma Ying-jeou became President of Taiwan in May 2008. He thinks there have been "remarkable changes" from the previous Chen Shui-bian administration, which adopted a confrontational approach to relations with the Mainland. Lien Chan's participation at APEC and the recent SEF-ARATS agreements on direct links were manifestations of warming ties, he said. According to Yan, the next SEF-ARATS meeting in 2009 will focus on normalizing trade and economic relations, which he thinks most people on both sides of the Strait support. He noted that the next KMT-CCP Forum, which will lay the groundwork for future

discussions on economic and financial agreements, will be held December 20-21. (Note: Yan said he will participate in KMT-CCP Forum. End note.) SIIS Senior Fellow Wu Chunsi underscored that the Taiwan issue is still a very important issue in U.S.-China relations. Both she and SIIS Senior Fellow Shao Yuqun expressed concern about the U.S.-Taiwan military relationship.

¶10. (C) Yan believes Ma has enjoyed a "huge sense of success" accomplishing things in his first year that his predecessor, Chen Shui-bian, could not accomplish during his eight years in office. Regarding the issue of international space, Yan said the Mainland's approach is to focus "first on the economy, second politics, first the easy issues, second the difficult." He pointed to ARATS Chairman Chen Yunlin's recent visit to Taiwan, during which Chen was asked about political and security issues on several occasions but repeatedly emphasized that he was there only to discuss economic issues. (Comment: Our read on Yan's comment is that the Mainland feels it has already done much to help Ma and that Ma should not expect too much give on difficult political issues like international space. End comment.)

¶11. (C) Shao said China wants to prevent crises in cross-Strait and U.S.-China relations, suggesting that the recently proposed (and rejected by Taiwan President Ma) visit to Taiwan by the Dalai Lama could have generated significant strains in both these relationships. She added that Tibet is an issue that could come up again bilaterally. Shao predicted that the top four issues regarding Taiwan in the coming year will be: (A) international space for Taiwan, particularly with respect to the World Health Organization and the World Health Assembly; (B) a possible cross-Strait peace agreement; (C) future policy directions of the Democratic Progressive Party (DPP) in Taiwan; and (D) the U.S.-Taiwan military relationship. The Obama Administration will need to deal with all of them, she said.

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